

Strategy discourse as collaborative design practice: Can design thinking benefit strategy development?

Jochen Schweitzer*

University of Technology, Sydney
PO Box 123 Broadway, NSW 2007 Australia
Tel.: +61 2 9514 3783
E-Mail: jochen.schweitzer@uts.edu.au

Tyrone Pitsis

Newcastle University Business School
5 Barrack Road, Newcastle upon Tyne, NE1 4SE UK
Tel.: +44 191 208 1500
E-Mail: tyrone.pitsis@newcastle.ac.uk

Stewart Clegg

University of Technology, Sydney
PO Box 123 Broadway, NSW 2007 Australia
Tel.: +61 2 9514 3934
E-Mail: stewart.clegg@uts.edu.au

Short paper prepared for Sub-theme 05: (SWG) Strategizing Discourse: Strategy-as-Practice and the Discursive Turn

27th EGOS Colloquium July, 5-7, 2012 Helsinki, Finland

*) Corresponding author

Purpose

Comparatively speaking we live in unparalleled times of uncertainty and complexity. The global financial instability, significant ecological challenges, and shifting flows of geopolitical power to Asia and South America, are placing immense pressure on the design, implementation and management of strategy in all sectors of society. The future of established economies rests in the capability to collaborate in a proactive rather than a reactive way. Design thinking is being promoted as a critical practice (Messner et al 2008) in fostering strategic innovation, particularly through collaborative processes of learning and knowledge creation (Martin, 2009, Starkey & Tempest, 2009; Starkey & Brown, 2008; Dunne & Martin, 2006; Dym et al, 2006). Yet, studies that focus on the inherent creative collaborative dynamics involved in design thinking as a practice for strategy development and strategic decision-making are lacking. This paper provides an investigation into these strategic processes, focusing on identifying the processes, practices and capabilities characterising intra- and inter-organisational collaboration that foster strategy development and innovation through creativity in thinking and problem solving. To do so we build our research framework at the intersection of four theoretical foundations: integrative design practice (or design thinking), inter-organizational collaboration, dynamic capabilities and practice theory.

Theoretical Background

Approximately 80% of the CEOs of more than 600 of the top organisations assessed (Public/Private and NGOs) indicate that the biggest challenge for the future is to deal with risk and uncertainty in the face of open, complex, dynamic and networked problems (IBM, 2010). Businesses are facing significant challenges. Challenges and risks also represent significant opportunities. Increasingly such ‘wicked problems’ require complex conceptualisations and reframing, as well as new and creative business strategies. In a world where managers are dealing with ‘wicked problems’ there is considerable effort outlaid in searching for new managerial practices to respond strategically to such challenges. They are discovering some of the answers in the designing disciplines that have been dealing with such open, complex, dynamic and networked problems (Yoo et al., 2006). Consequently, over the last few years, ‘design thinking’ has become popular and professionals have discovered ‘design’ as a concept to rethink how companies craft strategies and innovate. A trend that with all of its popular-press superficiality, conceals the need for a very profound shift in organisational problem solving and strategic management practise.

Within the designing disciplines a specific set of problem solving practices have been developed and professionalised that hold great promise for much broader application, particularly those fashioned around the way designers deal with the (collaborative) framing and reframing of problem situations. We suggest that the precise thinking patterns and activities exhibited in professional design practice can show organisations unknown ways of dealing with strategic challenges. In doing so we are building on the work of various authors from the fields of design and management studies that have commented on the parallels between the two domains and explored the intellectual foundations for and implications of approaching strategic management as designing (e.g. Boland & Collopy, 2004; Burry, 2005; Nussbaum, 2005, Verganti, 2006; Beckman and Barry, 2007).

One such implication is Boland and Callopy's (2004) notion of *design attitude*, which is characterized by the search for alternatives. In contrast, what most executives practice is a *strategic decision attitude*, which focuses on making the right choices. Strategy concerns tough choices; it means analysing the environment; scrutinizing internal resources. But it is often in and of the moment and its precedents: it spends little time on imagining possible futures. A design attitude does exactly that: it focuses on developing alternatives. This is what Boland and Callopy observed during the design process and strategic positioning of their new business school: the designers questioned what learning and teaching was, they wondered why academics worked in offices, and why the university was organized in schools and faculties. These disarmingly and ostensibly simple questions are, in reality, complex and deep – and design thinking is a way of posing and dealing with such fundamental questions.

We understand design thinking as a new way of combining innovation practices with strategizing. Brown defines it as innovation that is 'powered by a thorough understanding, through direct observation, of what people want and need in their lives and what they like or dislike about the way particular products are made, packaged, marketed, sold, and supported' (Brown, 2008: 86). The power of design thinking resides in the imperatives that aid designers routinely to develop new ideas. Applying the principles of their thinking to strategic management yields a competitive advantage for organizations that counter the innovator's dilemma and promises the development of more effective strategies.

Next to the design management literature we look at recent work on collaboration, innovation practices and dynamic capabilities as a theoretical foundation for our framework. We have found in previous studies that collaboration provides the impetus for innovation in practices and processes, even when the aim was not to innovate (Clegg, Bjørkeng & Pitsis, 2011). The process of collaboration, particularly where there are high levels of uncertainty and risk, seems to promote collaborative behaviours, thus leading not only to managerial and organisational innovation and change but also to enhanced performance for both traditional (Birkinshaw, Hamel & Mol, 2008; Tang & Leifer, 1991) and project based organisations, particularly alliances (Clegg et al, 2002; Pitsis et al 2003). Such evidence suggests that the process of collaboration in risky or problematic contexts promotes creative thinking for problem solving and hence leads to better strategic decision-making and innovation. It has also been established that heterogeneity in collaborative innovation capability development and strategic performance can be attributed to the use of certain intra-firm leadership and governance settings (Schweitzer & Gudergan, 2006, 2010). When the strategy is to innovate, collaboration will be more successful when framed by contracting and governance arrangements for the partnership that enable managers to draw on a range of different behaviours and collaborative practices. Organisations that have developed structurally embedded dynamic capabilities to promote creative thought and diverse practices of collaboration are in a better position to achieve strategic competitive advantages in dynamic market environments.

The strategic management literature on dynamic capabilities refer to an organisation's ability to be flexible and adapt in order to generate and exploit internal and external firm-specific competences, and to address the firm's changing environment; dynamic capabilities are dependent on the efficacy of the underlying managerial and organisational processes that they invoke (Helfat et al., 2007). The logic of the dynamic capability literature (Teece, 2007; Teece, Pisano, & Shuen, 1997) implies

that the creation of innovation rests on the organisations' non-imitable capacity flexibly to shape, reshape, configure and reconfigure resources in response to uncertainty and complexity. In other words, a dynamic capability is inextricably linked to the processes and structures that facilitate the new combination of resources as well as the managerial behaviour of organisational team members that enhance the productivity and innovativeness of a given set of resources (Eisenhardt & Martin, 2000). Depending on the context of the activity at hand, various processes, structures, and behaviours can be relevant for dynamic capabilities to evolve and change. Typical examples include the processes, structures, and behaviours that underlie resource allocation, decision-making, learning, and knowledge transfer, which are also key areas of concern for practice theory.

Even though the dynamic capability literature does not explicitly deal with collaborative-based mechanisms (Barreto, 2010), it clearly emphasises flexibility-based strategic performance as a result of the knowledge and skills that are embedded in the organisational culture, practices and thinking of members of the organisation. Research also suggests that firms differ significantly in their ability to collaborate successfully (Reuer et. al., 2002). Factors that enhance the performance of collaboration include the partners' ability to match resources and align cultures, decision-making processes, and systems in the team (Kale et al, 2000); their ability to create trusting relationships (Zeng & Chen, 2003) and to manage conflict (Doz & Hamel, 1998), and the ability to handle rivalry and managerial complexity (Sampson, 2005). Practice and design enter into the creation and realisation of these dynamic capabilities.

Finally, our framework is embedded in practice theory (PT). Feldman and Orlikowski (2011) demonstrate the power of practice as a research lens. While PT covers a diverse range of perspectives and approaches, inter-subjective experiences, which are shared and situated within contexts, are germane to all these approaches. The import of situated practices and the acknowledgement of the social world within which such practices occur imply that social collaboration is an essential element in the process of practice innovation. PT is making significant headway in management and organisation theory (Gherardi, 2009); it is an ideal lens through which to make sense of how social actors learn and are transformed by their actions and innovate practices and contexts. In the tradition of Bourdieu and Wacquant (1992) and Schutz (1967), we argue that practices are neither subjective nor objective but should be inter-subjectively understood. For Bourdieu individuals are relational agents whose identity is constructed through and as social acts.

Typical to all practice theory are three key foci: an empirical focus on processes of people acting in organisational contexts; a theoretical focus on understanding relations between the actions people take as embedded in social structures (designs) of material and immaterial social relations, technologies and things, and a philosophical focus on the constitutive role of practices in producing what is taken to be social reality. To this one may add that it is through practices that people also innovate, and as a result generate new social structures into being (Clegg et al, 2011). Practices are always simultaneously stable as learned routines and dynamic in that they are constantly becoming, evolving out of tacit knowledge, shared understanding, and situated practices, with strong elements of improvisation inherent to them (Cunha and Kamoche 2002). Practice theory has a significant contribution to make to the contentious field of strategic management and the development of dynamic capabilities.

The Research Gap

Strategy, being implicitly about futures, so often relies on the past that it seeks to control the future as a projected and manageable state comprised of predictable elements of the past (Clegg et al 2011; Pitsis, et al 2003). We argue that strategically organizations need to relax their presumptions of control as a linear extrapolation from the past into a predicted future, and emphasise more the power in how relational interactions promotes innovation and provides a context for creativity. We suggest that organisations need to accept uncertainty as a precondition to strategy making and innovation, rather than seeking to control it. Improvisatory practices, where improvisation can be thought of as spontaneous but situated acts (Weick, 2010; Cunha et al 2009; Orlikowski, 2006), are critical for strategic decision making and business transformations (Vera & Crosson, 2009). In our paper we seek to contribute to a more improvisatory form of strategy that takes into account the dynamic qualities of inter-organizational relationships in designing strategies for the attainment of strategic imperatives. While there are many ‘positivist’ as well as some ethnographic studies that investigate and explore strategy, few focus on the design of strategy, and even fewer are steeped in the phenomenological tradition of exploring the inter-subjective (relational) qualities, with their inherent power relations and more positive generative possibilities.

Approach

Contrary to mainstream thought, phenomenology is not a philosophy but rather a method of making sense of the drama of everyday life, in-situ. While there are a number of ‘traditions’ within phenomenology, our perspective is underpinned by Schutz (1967; 1971), who suggested that the social sciences could be understood objectively, or that all experience is subjective. Rather, his focus was about how humans make sense and make meaning of their working world. Phenomenology, as a method of the social sciences, requires the researcher to embed themselves within the social reality of the actors being made sense of; it is not about studying individuals, but about the social situatedness or contexts within which individuals are practicing. As such, exploring the narrative and discourse of collaboration is integral to our approach, as is the making sense of the social practices within the collaborative process. Most importantly, we introduce by way of design thinking, what Schutz calls shocks or the opportunities to experience alternative realities with the concomitant possibilities they afford (Pitsis et al 2012; Lundberg and Pitsis, 2011).

Our approach takes a practice orientation towards not on what is done per se, but how it is done, with an appreciation and emphasis on the social, power relational qualities of what is being done, and in how actors make sense and meaning of what it is they do. We argue that design thinking, with its emphasis on system wide sense making and the presentation of problems as a design issue (one that can be deconstructed and reconstructed as something else), and its emphasis on integrative thinking that reflects the idea of multiple realities within a sea of endless possibilities. The approach fits squarely within the remit of promoting Schutz’ idea of shocks, and serves as the point of transformation between experience of the past and possibilities of the future. As such we will use design thinking as a methodological tool for promoting problem deconstruction, reconstruction and strategic design.

In this presentation we will propose a methodological and conceptual framework for studying strategy that involves design thinking methodology as a tool for aiding sense making around complex strategic challenges. Our focus is on the practices embedded within their social context, and how the application of design thinking intersects with the design of strategic imperatives – we do so by emphasising the alternative realities inherent in the ways in which people from diverse backgrounds experience reality and approach their day to day practices.

Contributions

The paper contributes to the theory and practice of collaborative and creative problem solving in the context of strategic management. The goal of collaborations is to nurture different perspectives, or cognitive diversity. The paper identifies the dynamic capabilities underlying innovativeness inherent to strategic discourse and strategy-making to encourage approaches that provide ‘breaks’ from established practices no longer appropriate for new, complex and uncertain environments (Weick, 2010; Carlsen & Pitsis, 2008; Pitsis et al 2003). Through rich, deep and thorough analysis of the processes of creative collaboration our framework provides a better understanding of how to design programs that cultivate innovative capability, as well judge the impact such programs have on organisations. The paper’s significance is to address how such collaborations can contribute to solving wicked problems and strategic challenges.

References

- Barreto, I. d. 2010. “Dynamic capabilities: A review of past research and an agenda for the future”. *Journal of Management*, 36(1): 256-280.
- Birkinshaw, J., Hamel, G., & Mol, M. J. 2008. “Management innovation”. *Academy of Management Review*, 33(4): 825-845.
- Boland, R., & Collopy, F. 2004. *Managing as Designing*: Stanford University Press.
- Bourdieu, P. & Wacquant. L. J. D. 1992. *An Invitation to Reflexive Sociology*. Chicago and London: University of Chicago Press.
- Brown, T. 2008. “Design Thinking”. *Harvard Business Review*, June: 1-9.
- Burru, M.C. 2005. "Homo Faber". *Architectural Design: Design Through Making*, 75(4): 30–37.
- Brown, T. 2008. "Design thinking." *Harvard Business Review* 86(6): 84-92
- Carlsen, A., and Pitsis, T. S. 2008. “Projects for Life: Building Narrative Capital for Positive Organizational Change”. Clegg, S. and Cooper, C. L. (eds) *The Sage Handbook of Macro-Organizational Behavior*. Sage: Cal.
- Clegg, S. R., Bjorkeng, K., & Pitsis, T. S. 2011. “Innovating the practice of control”. Morris. P.W.G., Pinto, J.K. and Soderlund, J (eds.) *The Oxford Handbook of Project Management*. Oxford University Press: Oxford.
- Clegg, S.R., Pitsis, T.S., Rura-Polley, T. & Marosszeky, M. 2002”Governmentality matters: designing an alliance culture of inter-organizational collaboration for managing projects”. *Organization Studies*, 23(3): 317-337.
- Cunha, M. P, Cunha, J. V. & Clegg, S. R. 2009. “Improvisational bricolage: a practice-based approach to strategy and foresight”, Costanzo, L. A. and MacKay, R. B. (eds), *Handbook of Research on Strategy and Foresight*. Cheltenham: Edward Elgar, 182-1999.

- Doz, Y. L., & Hamel, G. 1998. *Alliance Advantage*. Boston, MA: Harvard Business School Press.
- Dunne, D. & Martin, R. 2006. "Design thinking and how it will change management education: an interview and discussion". *Academy of Management Learning & Education*, 5: 512–23.
- Dym, C. L., Agogino, A. M., Eris, O., Frey, D. D., & Leifer, L. J. (2006). Engineering design thinking, teaching, and learning. *IEEE Engineering Management Review*, 34(1), 65-92.
- Eisenhardt, K., & Martin, J. A. 2000. "Dynamic Capabilities: What are they?" *Strategic Management Journal*, 21(10/11): 1105-1121.
- Feldman, M. & Orlikowski, W.J. 2011. "Theorizing Practice and Practising Theory". *Organization Science*, (in press). [Available for download at <http://socialecology.uci.edu/faculty/feldmanm>].
- Gherardi, S. 2009 "Introduction: The Critical Power of the Practice Lens". *Management Learning*, 40(2): 115-118.
- Helfat, C. E., Finkelstein, S., Mitchell, W., Peteraf, M. A., Singh, H., Teece, D. J., & Winter, S. G. 2007. *Dynamic Capabilities: Understanding Strategic Change in Organizations*. Malden, MA: Blackwell Publishing.
- IBM (2010) *Capitalizing on Complexity*, Global CEO Study.
- Kale, P., Singh, H., & Perlmutter, H. 2000. "Learning and Protection of Proprietary Assets in Strategic Alliances: Business Relational Capital". *Strategic Management Journal*, 21: 217-237.
- Martin, R. L. 2009. *The Design of Business: Why Design Thinking is the Next Competitive Advantage*. Harvard Business School Press.
- Messner, M, Kornberger, M, & Clegg S. R. 2008 "Critical practices in organizations". *Journal of Management Inquiry*, 17(2): 68-82.
- Nussbaum, B. 2005. "Getting schooled in innovation". *Business Week Online*.
- Orlikowski, W.J. 2007. "Sociomaterial practices: Exploring technology at work." *Organization Studies*, 28: 1435-1448.
- Park, S. H., & Ungson, G. 2001. "Interfirm rivalry and managerial complexity: A conceptual framework of alliance failure". *Organization Science*, 12(1): 37-53.
- Pitsis, T.S., Clegg, S.R., Marosszeky, M. & Rura-Polley, T. 2003. "Constructing the Olympic dream: A future perfect strategy of project management", *Organization Science*, 14(5): 574-590.
- Reuer, J. J., Zollo, M., & Singh, H. 2002. "Post-formation dynamics in strategic alliances". *Strategic Management Journal*, 23(2): 135-151.
- Sampson, R. C. 2005. "Experience effects and collaborative returns in R&D alliances". *Strategic Management Journal*, 26(11): 1009-1031.
- Schutz, A. 1967. *The Phenomenology of the Social World*. (Translated by George Walsh and Frederick Lehnert.) Evanston, IL: Northwestern University Press.
- Schweitzer, J. & Gudergan, S. 2006. "What drives alliance agility? Governance, leadership and capability development in alliances". *Academy of Management (AOM) Annual Meeting*.
- Schweitzer, J. & Gudergan, S. 2010. "Leadership behaviours as ongoing negotiations and their effects on knowledge and innovation capabilities in alliances". *International Journal of Knowledge Management Studies*, 4 (2): 176-197.
- Starkey, K., & Tempest, S. 2009. "The winter of our discontent: The design challenge for business schools". *Academy of Management Learning & Education*, 8(4): 576-586.

- Tang, J. C., & Leifer, L. J. 1991. An observational methodology for studying group design activity. *Research in engineering design*, 2(4), 209-219
- Teece, D. J. 2007. "Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance". *Strategic Management Journal*, 28(13): 1319-1350.
- Teece, D., Pisano, G., & Shuen, A. 1997. "Dynamic Capabilities and Strategic Management". *Strategic Management Journal* (1986-1998), 18(7): 509.
- Weick, K. E. 2010 "Organizing for Transient Reliability: The Production of Dynamic Non-Events", *Journal of Contingencies and Crisis Management*, 19(1): 21–27.
- Vera, D. & Crossan, M, 2005. "Improvisation and innovative performance in teams". *Organization Science*, 16(3): 203 - 224.